

CITY OF GREEN RIVER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

CITY OF GREEN RIVER
BASIC FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Green River
Green River, Utah 84525

Ladies/Gentlemen:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green River, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City of Green River's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Green River as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2005, on our consideration of the City of Green River's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis as listed in the financial section of the table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Steven Rich Marsing", is written over the printed name.

Price, Utah

December 31, 2005

**CITY OF GREEN RIVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

Our discussion and analysis of the City of Green River's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005.

FINIANCIAL HIGHLIGHTS

- ❖ The City's net assets increased \$51,062 as a result of this year's operations. Net assets of our governmental activities increased by \$31,058, and our net assets of our business-type activities increased by \$20,004.
- ❖ Total expenses of \$918,354 were \$397,675 more than the direct revenues received of \$520,679 for governmental activities.
- ❖ In the City's business-type activities, revenues of \$738,349 were \$170,803 less than the expenses of \$909,152 for business-type activities.
- ❖ Sales and Franchise Tax was \$594,733. Sales and Franchise Tax increased by \$47,270 from the previous fiscal year.
- ❖ The City received \$107,097 for airport improvements from FAA and Utah State Department of Transportation, \$150,000 for drainage projects from Community Impact Board and \$60,000 for Museum projects from Community Impact Board.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The financial reports: Statement of Net Assets and the Statement of Activities (on pages 11-12) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

REPORTING THE CITY AS A WHOLE

Our analysis of the City as a whole begins on page 11. The Statement of Net Assets and Statement of Activities report information about the City as a whole and about its activities in a way that helps determine if the City is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING THE CITY AS A WHOLE (Continued)

These two statements report the City's *net assets* and changes in them. Net assets equal the difference between assets and liabilities. This is one way to measure the City's financial position. Increases or decreases in the City's net assets are one indicator of whether the financial position of the City is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads, water lines, sewer lines, drainage systems, electrical facilities and other capital assets to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the general and administration cost, contributions to other agencies, public safety, public works, parks department and interest on long-term debt. Franchise fees, sales taxes and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help cover all or most of the cost of services it provides. The City's water, sewer, landfill and museum services are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City established other funds to help it control and manage money for particular purposes (special revenue and capital projects payments) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the City charges customers for the services it provides – to outside customers – these services are generally reported in proprietary funds. Proprietary funds are reported the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City does not hold any funds or property in a trustee capacity. Consequently, no trustee information is required to be presented.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The City's Statement of Net Assets, which increased during the current calendar year, presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. The government-wide financial statements include the City's activity only. If the City (the primary government) had accountability to any other entity (known as a component unit), that information would also be presented in the government-wide financial statements. The analysis below focuses on the net assets (Table 1), and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total Primary Government	Total Primary Government
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 761,075	\$ 746,749	\$ 764,621	\$ 705,086	\$ 1,525,696	\$ 1,466,161
Capital assets	5,873,341	5,958,429	8,453,230	8,692,085	14,326,571	14,565,426
Total assets	\$ 6,634,416	\$ 6,705,178	\$ 9,217,851	\$ 9,397,171	\$ 15,852,267	\$ 16,031,587
Current liabilities	\$ 19,641	\$ 13,666	\$ 209,409	\$ 209,912	\$ 229,050	\$ 229,553
Long-term debt outstanding	204,622	212,416	3,533,505	3,732,326	3,738,127	3,936,948
Total liabilities	\$ 224,263	\$ 226,082	\$ 3,742,914	\$ 3,942,238	\$ 3,967,177	\$ 4,166,501
Net assets:						
Invested in capital assets, net of debt	\$ 5,665,341	\$ 5,742,429	\$ 4,775,169	\$ 4,817,565	\$ 10,440,510	\$ 10,482,906
Restricted for:						
Class "C" road	117,586	114,493			117,586	117,586
Capital projects	428,167	386,403			428,167	428,167
Recreation projects	17,047			942	17,047	17,989
Unrestricted	182,012	235,771	699,768	636,426	881,780	818,438
Total net assets	\$ 6,410,153	\$ 6,479,096	\$ 5,474,937	\$ 5,454,933	\$ 11,885,090	\$ 11,865,086

Government-wide financial statements (Continued)

Net Assets of the City's governmental activities increased by .49 percent (\$6,379,095 compared to \$6,410,153). *Unrestricted* net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—is \$182,012 at the end of June 30, 2005.

Net Assets of our business-type activities increased .37 percent (\$5,454,933 compared to \$5,474,937). Unrestricted net assets for this group, amount to \$699,768. These net assets are used to finance the continuing operations of the water, sewer, landfill and museum service funds.

The City's capitalization policy for assets that are being recorded as capital assets has not changed during the current fiscal year. The City's capitalization amount is \$5,000.

Table 2
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business-type Activities 2005	Business-type Activities 2004	Total Primary Government 2005	Total Primary Government 2004
Revenues						
Program Revenues:						
Charges for services	\$ 39,998	\$ 59,422	\$ 712,019	\$ 782,271	\$ 752,017	\$ 841,693
Operating grants and contrib.	189,931	240,483			189,931	240,483
Capital grants and contributions	290,750	443,859	26,330	14,610	317,080	458,469
General Revenues:						
Sales and franchise taxes	594,733	547,463			594,733	547,463
Other general revenue	7,560	15,147	17,247	11,401	24,807	26,548
Total revenues	<u>\$ 1,122,972</u>	<u>\$ 1,306,374</u>	<u>\$ 755,596</u>	<u>\$ 808,282</u>	<u>\$ 1,878,568</u>	<u>\$ 2,114,656</u>
Program Expenses						
General government	\$ 269,234	\$ 293,892			\$ 269,234	\$ 293,892
Public safety	31,300	38,874			31,300	38,874
Highways and public improve.	425,663	408,480			425,663	408,480
Parks and recreation	184,173	206,038			184,173	206,038
Community and econom. devel.	1,554	1,558			1,554	1,558
Interest on long-term debt	6,430	4,320			6,430	4,320
Loss on sale of assets				\$ 25,800		25,800
Water			\$ 335,701	282,291	335,701	282,291
Sewer			221,328	224,781	221,328	224,781
Landfill			131,445	139,157	131,445	139,157
Museum			220,678	238,116	220,678	238,116
Total expenses	<u>\$ 918,354</u>	<u>\$ 953,162</u>	<u>\$ 909,152</u>	<u>\$ 910,145</u>	<u>\$ 1,827,506</u>	<u>\$ 1,863,307</u>
Excess (deficiency) before transfers	<u>\$ 204,618</u>	<u>\$ 353,212</u>	<u>\$ (153,556)</u>	<u>\$ (101,863)</u>	<u>\$ 51,062</u>	<u>\$ 251,349</u>

Government-wide financial statements (Continued)

Table 2
(Continued)
Changes in Net Assets

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total Primary Government	Total Primary Government
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Excess (deficiency) before transfers	\$ 204,618	\$ 353,212	\$ (153,556)	\$ (101,863)	\$ 51,062	\$ 251,349
Transfers in (out)	\$ (173,560)	\$ (70,000)	\$ 173,560	\$ 70,000		
Change in net assets	<u>\$ 31,058</u>	<u>\$ 283,212</u>	<u>\$ 20,004</u>	<u>\$ (31,863)</u>	<u>\$ 51,062</u>	<u>\$ 251,349</u>
Net Assets - beginning	\$ 6,379,095	\$ 6,095,884	\$ 5,454,933	\$ 5,486,796	\$ 11,834,028	\$ 11,582,680
Net Assets - ending	<u>6,410,153</u>	<u>6,379,095</u>	<u>5,474,937</u>	<u>5,454,933</u>	<u>11,885,090</u>	<u>11,834,028</u>
Change in net assets	<u>\$ 31,058</u>	<u>\$ 283,211</u>	<u>\$ 20,004</u>	<u>\$ (31,863)</u>	<u>\$ 51,062</u>	<u>\$ 251,348</u>

The City's operational goals for future years is to continue to strive to use the allotted funds in the best interest of the City and those who are served by the City's operations. As revenues increase, the funds will be used to make necessary improvements in government operations, road and recreation improvements, utility improvements and purchase of supplies and equipment that are appropriate and beneficial.

Governmental Activities

Revenues for the City's governmental type activities, decreased \$183,402, a 14.04 percent decrease. Total expenses using these funds decreased \$34,808, a decrease of 3.65 percent. The largest decrease in revenue was in grant proceeds that occurred in the current year. The largest decreases in expenditures occurred in General government and Parks and recreation. The largest sources of funds are Resort and community sales taxes, Sales and use taxes, Franchise taxes, and Airport and State of Utah grants. These funds, and other special grants, enable the City the opportunity to fund a variety of improvement and recreation projects. An overall decrease in the revenues of approximately 14 percent compared to a decrease of approximately 4 percent in expenditures has caused the decrease in the net assets for governmental activities from the previous year of \$252,154. \$31,058 in the current year compared to \$283,212 in the previous year.

The cost of all governmental activities this year was \$918,354. As shown in the Statement of Activities on page 12, Sales and franchise tax revenue paid for the majority of these activities. Class "C" road revenue of \$58,956 helped pay 13.85 percent of the Highway and public improvements costs. Overall, the City's governmental program revenues \$520,679 paid 56.70 percent of the governmental activities expenditures.

Governmental Activities (Continued)

Costs of the City are centered within several programs—General government, Public safety, Highways and public improvements, Parks and recreation, Community and economic development and interest on long-term debt. The net cost of expenditures (over) specific program revenues shows the financial burden that utilizes the Sales and franchise taxes and the other miscellaneous funds.

Business-type Activities

Revenues of the City's business-type activities decreased 6.52 percent (\$808,282 compared to \$755,596) while expenses increased 2.81 percent (\$884,345 compared to \$909,152). The overall changes for the business-type activities have not been significant during the current fiscal year. Water and sewer revenues have decreased 3.9 and 7.7 percent respectively, due to a decrease in residential and commercial consumption. Museum revenues have decreased 16.58 percent, due to decreases in sales. No other significant increases or decreases in overall revenues or expenses have occurred in any other business-type funds. (Electric and landfill)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised their budget once. The original budget was adopted on June 15, 2004 and was adjusted on April 12, 2005. The budget was amended to \$1,336,881 to account for an increase in General sales and use tax, an increase in resort community sales tax, an increase in charges for services and to prevent budget overruns. The differences in the original budget and final amended budget are summarized as follows: 1) increase in General sales and use tax (31,000), increase in Transient room tax (2,000), increase in Resort community sales tax (15,000) increase in Highway sales tax (2,000) decrease in revenue for Intergovernmental (\$2,345), increase in revenue for Charges for services (\$2,500), increase in miscellaneous revenue (\$4,500) and increase in other financing sources revenue (\$31,845) 2) increase in expenditures for General government (\$40,000), decrease in expenditures for Public safety (\$37,179), increase in expenditures for Highways and public improvements (\$50,000), decrease in expenditures for Parks, recreation, and public property (\$845) and increase in other financing sources expenditures (\$76,345).

The actual charges for expenditures were \$1,149,364. This was \$187,517 below the final budget amounts. The most significant positive variances occurred in the General government (\$124,414), Highways and public improvement (\$27,242) and Parks, recreation, and public property (\$19,336).

Resources for revenues were \$1,089,317. This was \$255,343 below the final budgeted amount. The most significant negative variance occurred in intergovernmental revenue (\$254,291).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2005, the City had \$14,326,571 (net) invested in a broad range of capital assets, including land, buildings, improvements other than buildings, machinery and equipment, and infrastructure (see Table 4 below). This amount represents a net decrease (including additions and deletions) of \$223,942, or a 1.54 percent decrease over the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

Table 4
Capital Assets at Year-End
(Net of Depreciation)
June 30, 2005

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Totals Primary Government	Totals Primary Government
	2005	2004	2005	2004	2005	2004
Land	\$ 530,941	\$ 530,941	\$ 209,481	\$ 209,481	\$ 740,422	\$ 740,422
Work in progress	344,457				344,457	
Buildings	997,843	1,031,483	1,187,076	1,233,346	2,184,919	2,264,829
Improvements other than buildings	1,359,590	1,459,792	6,977,403	7,154,681	8,336,993	8,614,473
Machinery/equipment	155,600	183,800	79,270	94,577	234,870	278,377
Infrastructure	2,484,910	2,652,413			2,484,910	2,652,413
Total assets activities	<u>\$ 5,873,341</u>	<u>\$ 5,858,429</u>	<u>\$ 8,453,230</u>	<u>\$ 8,692,085</u>	<u>\$ 14,326,571</u>	<u>\$ 14,550,514</u>

This year's major addition includes:

Capital improvements – Airport improvement projects \$ 143,421
Paid with grant proceeds from the current year.

Capital improvements – Drainage project 201,037
Paid with grant and current year revenues.

The City's fiscal year 2005 capital budget calls for spending on capital projects, continuing airport improvements and purchases of necessary equipment. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

Long-term debt

As of June 30, 2005, the City had \$3,886,061 in bonds payable outstanding. The debt represents refunding bonds and revenue bonds secured solely by specified revenue sources. The following table (table 5) shows outstanding debt for the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term debt (Continued)

Table 5
Outstanding Debt as of
June 30, 2005

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Totals Primary Government	Totals Primary Government
	2005	2004	2005	2004	2005	2004
Refunding bonds payable			\$ 559,000	\$ 596,000	\$ 559,000	\$ 596,000
Revenue bonds payable	\$ 208,000	\$ 216,000	3,119,061	3,278,520	3,327,061	3,494,520
Total debt	\$ 208,000	\$ 216,000	\$ 3,678,061	\$ 3,874,520	\$ 3,886,061	\$ 4,090,520

There has been no new debt issued during the current fiscal year. The City is not planning to add additional debt in the next fiscal year. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FORECAST AND FUTURE BUDGET

As part of the budget process each year the City performs an evaluation to project future revenues for the coming fiscal year. A major aspect of this evaluation is projecting resort and sales tax revenue. Tax revenue is expected to stay the same for the next fiscal year.

The major project for the year is improvements to the water system and fire flow. The City will be installing approximately 6500 feet of 10-inch line to increase pressure and fire flow to the West end of the City. This project also includes installing eleven new fire hydrants and repairs to the main water line across the river. Grants have been awarded from the Community Impact Board along with funds set aside by the City in the Capital Projects fund and using water impact fees to accomplish this project.

The City applied for a Co-operative Marketing Grant with the Utah Governor's Office of Economic Development Office of Tourism and was awarded \$25,000. Green River City will commit \$10,000, Emery County Travel Bureau budgeted \$10,000 and the Chamber of Commerce will be putting in \$5,000 towards this great effort to market our community.

The City is looking forward to new development and is taking progressive steps to ensure that the community is developed and marketed in the most responsible manner possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our community with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Recorder, Conae Black at PO Box 620, Green River, Utah 84525.

CITY OF GREEN RIVER
STATEMENT OF NET ASSETS
JUNE 30, 2005

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash	\$ 127,207	\$ 639,892	\$ 767,099
Cash restricted	572,235	7,428	579,663
Accounts receivable (net)	9,550	59,108	68,658
Due from other governmental units	52,083		52,083
Inventory		58,193	58,193
Capital assets (net of accumulated depreciation):			
Land	530,941	209,481	740,422
Buildings	997,843	1,187,076	2,184,919
Improvements other than buildings	1,359,590	6,977,403	8,336,993
Machinery and equipment	155,600	79,270	234,870
Infrastructure	2,484,910		2,484,910
Work in progress	344,457		344,457
Total assets	<u>\$ 6,634,416</u>	<u>\$ 9,217,851</u>	<u>\$ 15,852,267</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 4,148	\$ 22,447	\$ 26,595
Customer deposits payable		7,428	7,428
Bond interest payable	4,160	17,778	21,938
Deferred revenue	3,333		3,333
Noncurrent liabilities:			
Bonds payable - Due within one year	8,000	161,756	169,756
Bonds payable - Due in more than one year	200,000	3,516,305	3,716,305
Contract payable		17,200	17,200
Compensated absences	4,622		4,622
Total liabilities	<u>\$ 224,263</u>	<u>\$ 3,742,914</u>	<u>\$ 3,967,177</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 5,665,341	\$ 4,775,169	\$ 10,440,510
Restricted for:			
Class "C" Roads	117,586		117,586
Recreation projects	17,047		17,047
Capital projects	428,167		428,167
Unrestricted	182,012	699,768	881,780
Total net assets	<u>\$ 6,410,153</u>	<u>\$ 5,474,937</u>	<u>\$ 11,885,090</u>

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
FUNCTION/PROGRAMS						
Primary government:						
Governmental activities:						
General government	\$ 269,234	\$ 25,279	\$ 8,000		\$ (235,955)	\$ (235,955)
Public safety	31,300	3,235	9,071		(18,994)	(18,994)
Highways and public improvements	425,663		58,956	\$ 290,750	(75,957)	(75,957)
Parks and recreation	184,173	11,484	113,904		(58,785)	(58,785)
Community and economic development	1,554				(1,554)	(1,554)
Interest on long-term debt	6,430				(6,430)	(6,430)
Total governmental activities	\$ 918,354	\$ 39,998	\$ 189,931	\$ 290,750	\$ (397,675)	\$ (397,675)
Business-type activities:						
Water	\$ 335,701	\$ 275,140		\$ 13,647	\$ (46,914)	\$ (46,914)
Sewer	221,328	180,447			(40,881)	(40,881)
Landfill	131,445	123,221			(8,224)	(8,224)
Museum	220,678	133,211		12,683	(74,784)	(74,784)
Total business-type activities	\$ 909,152	\$ 712,019	\$	\$ 26,330	\$ (170,803)	\$ (170,803)
Total primary government	\$ 1,827,506	\$ 752,017	\$ 189,931	\$ 26,330	\$ (397,675)	\$ (568,478)
General revenues:						
Sales and franchise taxes					\$ 594,733	\$ 594,733
Unrestricted investment earnings					7,057	17,247
Miscellaneous					503	503
Transfers in (out)					(173,560)	173,560
Total general revenues and transfers					\$ 428,733	\$ 190,807
Change in net assets					\$ 31,058	\$ 20,004
Net assets - beginning					6,379,095	5,454,933
Net assets - ending					\$ 6,410,153	\$ 5,474,937
						\$ 11,885,090

"The notes to the financial statements are an integral part of this statement."

**CITY OF GREEN RIVER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

	GENERAL FUND	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 127,207		\$ 127,207
Cash restricted	144,068	\$ 428,167	572,235
Receivables (net):			
Fees and assessments	9,550		9,550
Due from other governmental units	52,083		52,083
	<u>332,908</u>	<u>428,167</u>	<u>761,075</u>
Total assets	<u>\$ 332,908</u>	<u>\$ 428,167</u>	<u>\$ 761,075</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,148		\$ 4,148
Deferred revenue	3,333		3,333
	<u>7,481</u>	<u>...</u>	<u>7,481</u>
Total liabilities	<u>\$ 7,481</u>	<u>\$...</u>	<u>\$ 7,481</u>
Fund balances:			
Reserved for:			
Class C Roads	\$ 117,586		\$ 117,586
Recreation projects	17,047		17,047
Capital project funds		\$ 428,167	428,167
Unreserved, reported in:			
General fund	181,544		181,544
Weed control fund	9,250		9,250
	<u>325,427</u>	<u>428,167</u>	<u>753,594</u>
Total fund balances	<u>\$ 325,427</u>	<u>\$ 428,167</u>	<u>\$ 753,594</u>
Total liabilities and fund balances	<u>\$ 332,908</u>	<u>\$ 428,167</u>	<u>\$ 761,075</u>

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total fund balances - governmental fund types: \$ 753,594

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported in the funds.

Land and easements	\$ 530,941	
Buildings	997,843	
Improvements other than buildings	1,359,590	
Machinery and equipment	155,600	
Infrastructure	2,484,910	
Work in progress	344,457	5,873,341

Long-term liabilities, including bonds payable, are not due and payable in the current
period and therefore are not reported in the funds.

Bond interest payable	\$ (4,160)	
Bonds payable - current portion	(8,000)	
Bonds payable - one year	(200,000)	
Compensated absences	(4,622)	(216,782)

Net assets of governmental activities \$ 6,410,153

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL FUND	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$ 594,733		\$ 594,733
Licenses and permits	3,926		3,926
Intergovernmental	420,979	\$ 60,000	480,979
Charges for services	3,530		3,530
Miscellaneous revenue	39,301		39,301
Total revenues	<u>\$ 1,062,469</u>	<u>\$ 60,000</u>	<u>\$ 1,122,469</u>
EXPENDITURES:			
Current:			
General government	\$ 258,206		\$ 258,206
Public safety	35,706		35,706
Highways and public improvements	259,050	\$ 205,932	464,982
Parks, recreation, and public property	167,737		167,737
Debt service:			
Principal retirement	8,000		8,000
Interest and fiscal charges	6,590		6,590
Total expenditures	<u>\$ 735,289</u>	<u>\$ 205,932</u>	<u>\$ 941,221</u>
Excess revenues over (under) expenditures	<u>\$ 327,180</u>	<u>\$ (145,932)</u>	<u>\$ 181,248</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	\$ 26,345	\$ 275,000	\$ 301,345
Transfers out	(414,075)	(60,830)	(474,905)
Sale of materials	503		503
Total other financing sources (uses)	<u>\$ (387,227)</u>	<u>\$ 214,170</u>	<u>\$ (173,057)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (60,047)</u>	<u>\$ 68,238</u>	<u>\$ 8,191</u>
FUND BALANCES - beginning of year	<u>385,474</u>	<u>359,929</u>	<u>745,403</u>
FUND BALANCES - end of year	<u><u>\$ 325,427</u></u>	<u><u>\$ 428,167</u></u>	<u><u>\$ 753,594</u></u>

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 8,191
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$350,113) exceeded depreciation (\$335,200) in the current period.	14,913
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(46)</u>
Change in net assets of governmental activities	<u>\$ 31,058</u>

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>WITH</u>
				<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES:				
Taxes:				
General sales and use tax	\$ 180,000	\$ 211,000	\$ 211,843	\$ 843
Franchise tax	11,500	11,500	10,981	(519)
Transient room tax	45,000	47,000	46,758	(242)
Resort community sales tax	262,345	277,345	277,204	(141)
Highway sales taxes	45,000	47,000	47,947	947
Licenses and permits	5,700	5,700	3,926	(1,774)
Intergovernmental	677,615	675,270	420,979	(254,291)
Charges for services	1,500	4,000	3,530	(470)
Investment earnings	6,000	6,000	7,057	1,057
Miscellaneous revenue	23,500	28,000	32,244	4,244
Total revenues	\$ 1,258,160	\$ 1,312,815	\$ 1,062,469	\$ (250,346)
EXPENDITURES:				
Current:				
General government:				
Administration	\$ 291,200	\$ 291,200	\$ 215,051	\$ 76,149
Building maintenance	43,420	43,420	23,052	20,368
Planning and zoning	5,000	5,000	574	4,426
Education and community promotion	3,000	43,000	19,529	23,471
Total general government	\$ 342,620	\$ 382,620	\$ 258,206	\$ 124,414
Public safety:				
Fire	\$ 37,400	\$ 37,400	\$ 25,583	\$ 11,817
Weed and mosquito control		4,621	1,259	3,362
Animal control & regulation	6,100	6,100	5,534	566
Building inspection	44,600	3,200	3,140	60
Total public safety	\$ 88,100	\$ 51,321	\$ 35,516	\$ 15,805
Public health:				
Health services	\$ 900	\$ 500	\$ 190	\$ 310
Total public health	\$ 900	\$ 500	\$ 190	\$ 310
Highways and public improvements:				
Class "C" roads	\$ 61,600	\$ 60,000	\$ 55,862	\$ 4,138
Curb and gutter	30,000	81,600	58,496	23,104
Total highways and public improvements	\$ 91,600	\$ 141,600	\$ 114,358	\$ 27,242

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>WITH</u>
				<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
Parks, recreation, and public property:				
Parks	\$ 23,250	\$ 33,250	\$ 24,285	\$ 8,965
Television		3,000	2,290	710
Recreation	156,660	142,815	141,162	1,653
Airport	152,700	152,700	144,692	8,008
Total parks, recreation and public property	\$ 332,610	\$ 331,765	\$ 312,429	\$ 19,336
Debt service:				
Principal retirement	\$ 8,000	\$ 8,000	\$ 8,000	
Interest and fiscal charges	6,600	7,600	6,590	\$ 410
Total debt service	\$ 14,600	\$ 15,000	\$ 14,590	\$ 410
Total expenditures	\$ 870,430	\$ 922,806	\$ 735,289	\$ 187,517
Excess of revenue over (under) expenditures	\$ 387,730	\$ 390,009	\$ 327,180	\$ (62,829)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	\$ (337,730)	\$ (414,075)	\$ (414,075)	
Transfers in		26,345	26,345	
Sale of materials and assets		5,500	503	\$ (4,997)
Total other financing sources (uses)	\$ (337,730)	\$ (382,230)	\$ (387,227)	\$ (4,997)
Excess of revenues and other sources over (under) expenditures and other uses	\$ 50,000	\$ 7,779	\$ (60,047)	\$ (67,826)
Fund balances - beginning of year			385,474	385,474
Fund balances - end of year	\$ 50,000	\$ 7,779	\$ 325,427	\$ 317,648

"The notes to the financial statements are an integral part of this statement."

**CITY OF GREEN RIVER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005**

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>LANDFILL FUND</u>	<u>MUSEUM FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Current assets:					
Cash	\$ 286,443	\$ 287,096	\$ (27,689)	\$ 94,042	\$ 639,892
Cash restricted	7,428				7,428
Receivables - net					
Utilities	22,366	20,574	16,168		59,108
Inventory				58,193	58,193
Total current assets	<u>\$ 316,237</u>	<u>\$ 307,670</u>	<u>\$ (11,521)</u>	<u>\$ 152,235</u>	<u>\$ 764,621</u>
Noncurrent assets:					
Land	\$ 41,974	\$ 2,507		\$ 165,000	\$ 209,481
Equipment, buildings and improvements	4,354,499	4,996,965	\$ 50,651	2,210,619	11,612,734
Less: Accumulated depreciation	<u>(1,043,466)</u>	<u>(1,422,581)</u>	<u>(18,254)</u>	<u>(884,684)</u>	<u>(3,368,985)</u>
Total noncurrent assets	<u>\$ 3,353,007</u>	<u>\$ 3,576,891</u>	<u>\$ 32,397</u>	<u>\$ 1,490,935</u>	<u>\$ 8,453,230</u>
Total assets	<u>\$ 3,669,244</u>	<u>\$ 3,884,561</u>	<u>\$ 20,876</u>	<u>\$ 1,643,170</u>	<u>\$ 9,217,851</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 3,496	\$ 1,853	\$ 10,500	\$ 6,598	\$ 22,447
Accrued interest payable	17,778				17,778
Current portion - long-term debt	<u>143,000</u>	<u>6,756</u>		<u>12,000</u>	<u>161,756</u>
Total current liabilities	<u>\$ 164,274</u>	<u>\$ 8,609</u>	<u>\$ 10,500</u>	<u>\$ 18,598</u>	<u>\$ 201,981</u>

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	LANDFILL FUND	MUSEUM FUND	TOTAL
Noncurrent liabilities:					
Customer deposits payable	\$ 7,428				\$ 7,428
Contract payable		\$ 17,200			17,200
Revenue bonds payable	1,587,000	1,809,305		\$ 120,000	3,516,305
Total noncurrent liabilities	\$ 1,594,428	\$ 1,826,505	\$...	\$ 120,000	\$ 3,540,933
Total liabilities	\$ 1,758,702	\$ 1,835,114	\$ 10,500	\$ 138,598	\$ 3,742,914
Net Assets:					
Invested in capital assets, net of related debt	\$ 1,623,007	\$ 1,760,830	\$ 32,397	\$ 1,358,935	\$ 4,775,169
Unrestricted	287,535	288,617	(22,021)	145,637	699,768
Total net assets	\$ 1,910,542	\$ 2,049,447	\$ 10,376	\$ 1,504,572	
Net assets of business-type activities					\$ 5,474,937

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS				
	WATER FUND	SEWER FUND	LANDFILL FUND	MUSEUM FUND	TOTAL
Operating revenues:					
Charges for sales and services	\$ 275,140	\$ 180,447	\$ 123,221	\$ 133,211	\$ 712,019
Total operating revenues	\$ 275,140	\$ 180,447	\$ 123,221	\$ 133,211	\$ 712,019
Operating expenses:					
Employee salaries	\$ 58,289	\$ 21,326	\$ 4,781	\$ 30,691	\$ 115,087
Employee benefits	30,155	11,809	2,040	7,162	51,166
Public notices	42			573	615
Travel	621			846	1,467
Office supplies	1,489	425	308	7,367	9,589
Equipment supplies and maintenance	1,493	538	154	8,544	10,729
Building/grounds supplies and maintenance	12,343	2,204		4,433	18,980
Utilities and telephone	32,583	17,989	4,998	43,902	99,472
Fuel and oil	1,232	1,719		199	3,150
Professional and technical	8,809			2,758	11,567
Dues and memberships	870			550	1,420
Advertising				1,856	1,856
Garbage collection fees			114,637		114,637
Water treatment	13,324				13,324
Water samples	3,088				3,088
Postage and shipping	362			349	711
Gift shop expenses - supplies				50,196	50,196
Bad debt	10,657	686	470		11,813
Depreciation	123,660	127,396	4,057	61,252	316,365
Miscellaneous	60				60
Total operating expenses	\$ 299,077	\$ 184,092	\$ 131,445	\$ 220,678	\$ 835,292
Operating income (loss)	\$ (23,937)	\$ (3,645)	\$ (8,224)	\$ (87,467)	\$ (123,273)
Nonoperating revenues (expenses):					
Interest revenue	\$ 8,620	\$ 6,472		\$ 2,155	\$ 17,247
Interest expense and fiscal charges	(36,624)	(37,236)			(73,860)
Capital improvement grants	13,647			12,683	26,330
Total nonoperating revenues (expenses)	\$ (14,357)	\$ (30,764)	\$...	\$ 14,838	\$ (30,283)
Income (loss) before transfers	\$ (38,294)	\$ (34,409)	\$ (8,224)	\$ (72,629)	\$ (153,556)
Transfers In (Out):					
Transfers in	\$ 25,000		\$ 18,230	\$ 130,330	\$ 173,560
Total transfers in (out):	\$ 25,000	\$...	\$ 18,230	\$ 130,330	\$ 173,560
Change in net assets	\$ (13,294)	\$ (34,409)	\$ 10,006	\$ 57,701	\$ 20,004
Total net assets - beginning	1,923,836	2,083,856	370	1,446,871	5,454,933
Total net assets - ending	\$ 1,910,542	\$ 2,049,447	\$ 10,376	\$ 1,504,572	\$ 5,474,937

"The notes to the financial statements are an integral part of this statement."

**CITY OF GREEN RIVER
STATEMENT OF CASH FLOWS
PROPERETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005**

	ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	LANDFILL FUND	MUSEUM FUND	TOTAL
Cash Flows From Operating Activities:					
Cash receipts from customers	\$ 282,571	\$ 182,390	\$ 123,139	\$ 133,211	\$ 721,311
Cash payments to suppliers	(84,255)	(22,064)	(119,328)	(129,524)	(355,171)
Cash payments to employees	(88,444)	(33,135)	(6,821)	(37,853)	(166,253)
Net cash provided (used) by operating activities	\$ 109,872	\$ 127,191	\$ (3,010)	\$ (34,166)	\$ 199,887
Cash Flows From Noncapital Financing Activities:					
Transfers from other funds	\$ 25,000		\$ 18,230	\$ 130,330	\$ 173,560
Net cash provided (used) by noncapital financing activities	\$ 25,000	\$...	\$ 18,230	\$ 130,330	\$ 173,560
Cash Flows From Capital and Related Financing Activities:					
Acquisition of capital assets	\$ (16,680)			\$ (60,831)	\$ (77,511)
Capital improvement grant	13,647			12,683	26,330
Interest paid on bonds	(37,692)	\$ (37,236)			(74,928)
Principal paid on bonds	(98,000)	(86,459)		(12,000)	(196,459)
Principal paid on contract payable		(65)			(65)
Net cash provided (used) by capital and related financing activities	\$ (138,725)	\$ (123,760)	\$...	\$ (60,148)	\$ (322,633)
Cash Flows From Investing Activities:					
Interest and dividends received	\$ 8,620	\$ 6,472		\$ 2,155	\$ 17,247
Net cash provided (used) by investing activities	\$ 8,620	\$ 6,472	\$...	\$ 2,155	\$ 17,247
Net increase (decrease) in cash and cash equivalents	\$ 4,767	\$ 9,903	\$ 15,220	\$ 38,171	\$ 68,061
Cash and cash equivalents, July 1	289,104	277,193	(42,909)	55,871	579,259
Cash and cash equivalents, June 30	\$ 293,871	\$ 287,096	\$ (27,689)	\$ 94,042	\$ 647,320
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (23,937)	\$ (3,645)	\$ (8,224)	\$ (87,467)	\$ (123,273)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	\$ 123,660	\$ 127,396	\$ 4,057	\$ 61,252	\$ 316,365
(Increase) Decrease in accounts receivables	6,664	1,943	(82)		8,525
Increase (Decrease) in accounts payable	2,718	1,497	1,239	(7,951)	(2,497)
Increase (Decrease) in customer deposits payable	767				767
Total adjustments	\$ 133,809	\$ 130,836	\$ 5,214	\$ 53,301	\$ 323,160
Net cash provided (used) by operating activities	\$ 109,872	\$ 127,191	\$ (3,010)	\$ (34,166)	\$ 199,887

"The notes to the financial statements are an integral part of this statement."

CITY OF GREEN RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

1. HISTORY AND ORGANIZATION

City of Green River (the City) is a municipal corporation governed by an elected mayor and five-member council. The City provides the following services: public safety, public utilities, street and public improvements, sanitation, planning and zoning, culture and recreation, and general administrative services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- 1) The financial statements include:

Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).

- 2) A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

A. Reporting Entity

All financial activities over which the City has financial responsibility are included in this report. The basic criteria for including an entity, a board, or an agency in this report is the existence and exercise of financial accountability; consideration has been given to financial interdependency, ability to designate management, ability to significantly influence operations, and accountability for fiscal matters. According to the above criteria, no other entities have been included in the City's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

B. Government-Wide and Fund Financial Statements

Generally accepted accounting principles (GAAP) require that state and local governments provide a government-wide statement of net assets and a government-wide statement of activities. The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) are required to be presented using the economic resources measurement focus and the accrual basis of accounting, the same measurement focus and basis of accounting employed by private-sector business enterprises and not-for-profit organizations. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The statement of net assets is the basic government-wide statement of position that presents all of the City's permanent accounts (assets, liabilities, and net assets).

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)

Sales taxes, property taxes, franchise taxes, interest, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Amounts received or recognized as receivable at fiscal year end are included in the financial statements as taxes receivable and deferred revenue. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital improvements, facilities, and equipment (other than those financed by proprietary funds and special revenue funds).

The City reports the following major proprietary funds:

The Water and Sewer Funds account for the operation and maintenance of the City's water and sewer distribution systems. The **Landfill fund** accounts for the collection and hauling of refuse for the City and the **Museum fund** accounts for the operations of the Museum.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

D. Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. During May of each year, the Mayor submits to the City Council a proposed operating budget for the next fiscal year commencing July 1st. The operating budget includes proposed expenditures and the proposed sources of revenues. A final budget for the current year ending June 30 is also included.
2. Copies of the proposed budget are made available for public inspection and review by the citizens of the City.
3. If the City does not exceed the certified tax rate, a public hearing is held prior to June 22 and the budget is legally adopted through passage of a resolution. If the City exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
4. Once adopted, the budget can be amended by subsequent City Council action. The City Council can approve reductions in appropriations, but increases in appropriations, by fund, require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by the administrative transfer of money from one appropriation to another within any given fund.
5. Minor interim adjustments in estimated revenues and appropriations during the year ended June 30, 2005, have been included in the final budget approved by the City Council, as presented in the financial statements.
6. Expenditures may not legally exceed budgeted appropriations at the department level for the General Fund and the fund level for all other funds.

E. Cash and Cash Equivalents

The City considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF), to be cash and cash equivalents.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

F. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets (e.g., roads, curb, gutter, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings, improvements, machinery and equipment, and infrastructure assets of the City are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	7-30
Machinery and equipment	5-20
Infrastructure	20-40

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

H. Compensated Absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid. Actual liability for unused vacation has been computed using current pay rate per hour for each hour of vacation. Sick leave is paid only if an employee is ill during employment status and not at termination therefore, sick leave is not accumulated in compensated absences totals.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet as cash. Income from the investment of pooled cash is allocated based on fund balances. In addition, cash is separately held by individual funds.

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7) in handling its depository and investment transactions. The City does not have separate policies that address the specific types of deposit and investment risks to which the City is exposed.

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires the depositing of City funds in a *qualified depository*. The Act defines a *qualified depository* as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

3. DEPOSITS AND INVESTMENTS (Continued)

The City's deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The City's deposits at June 30, 2005, were \$340,037. Of these deposits, \$213,554 were uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Authorized investments include negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external investment pool managed by the Utah State Treasurer's Office. The PTIF is not registered with the SEC as an investment company, and is authorized and regulated by the Money Management Act and the Money Management Council. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees – of the PTIF are allocated based on the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2005, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Maturity</u>	<u>Quality Rating</u>
Utah Public Treasurer's Investment Fund	\$ 998,821	57 days *	Not Rated

* Weighted-average maturity

3. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing only in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

4. RESTRICTED CASH

The following funds owned by City of Green River at June 30, 2005 were being held in the following restricted capacity. In connection with bond agreements, the City has established bond sinking and bond reserve funds. These funds are to assure that adequate money is available to service debt payments as they come due. Reserved amounts are shown below, along with other restricted funds.

<u>Enterprise Funds</u>	
Customer deposits	\$ 7,428
Total	<u>\$ 7,428</u>
<u>General Fund</u>	
Reserves/sinking funds	\$ 26,482
Class "C" Roads	117,586
Total	<u>\$ 144,068</u>
<u>Capital Projects Fund</u>	
Capital projects	<u>\$ 428,167</u>

5. PROPERTY TAXES

The property tax revenue of the City is collected and distributed by the Emery County treasurer as an agent of the City. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value.

5. **PROPERTY TAXES (Continued)**

The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until the date paid.

As of June 30, 2005, the City did not propose a tax rate and therefore, no property taxes are shown as received or receivable.

6. **CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 530,941			\$ 530,941
Work in progress		\$ 344,457		344,457
Total capital assets not being depreciated	<u>\$ 530,941</u>	<u>\$ 344,457</u>	<u>\$...</u>	<u>\$ 875,398</u>
Capital assets being depreciated:				
Buildings	\$ 1,357,824			\$ 1,357,824
Improvements other than buildings	2,551,051			2,551,051
Machinery and equipment	449,284	\$ 5,656		454,940
Infrastructure	6,564,687			6,564,687
Total capital assets being depreciated:	<u>\$ 10,922,846</u>	<u>\$ 5,656</u>	<u>\$...</u>	<u>\$ 10,928,502</u>

6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government				
Governmental activities:				
Less accumulated depreciation for:				
Buildings	\$ 326,341	\$ 33,640		\$ 359,981
Improvements other than buildings	1,091,259	100,202		1,191,461
Machinery and equipment	265,484	33,856		299,340
Infrastructure	3,912,275	167,502		4,079,777
 Total accumulated depreciation	<u>\$ 5,595,359</u>	<u>\$ 335,200</u>	<u>\$...</u>	<u>\$ 5,930,559</u>
 Total capital assets being depreciated, net	<u>\$ 5,327,487</u>	<u>\$ (329,544)</u>	<u>\$...</u>	<u>\$ 4,997,943</u>
 Governmental activities capital assets, net	<u>\$ 5,858,428</u>	<u>\$ 14,913</u>	<u>\$...</u>	<u>\$ 5,873,341</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 209,481			\$ 209,481
 Total capital assets not being depreciated	<u>\$ 209,481</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 209,481</u>

6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings	\$ 2,254,440			\$ 2,254,440
Improvements other than buildings	9,016,399	\$ 77,510		9,093,909
Machinery and equipment	<u>264,384</u>			<u>264,384</u>
Total capital assets being depreciated:	<u>\$ 11,535,223</u>	<u>\$ 77,510</u>	<u>\$...</u>	<u>\$ 11,612,733</u>
Less accumulated depreciation for:				
Buildings	\$ 1,021,094	\$ 46,270		\$ 1,067,364
Improvements other than buildings	1,861,718	254,788		2,116,506
Machinery and equipment	<u>169,807</u>	<u>15,307</u>		<u>185,114</u>
Total accumulated depreciation	<u>\$ 3,052,619</u>	<u>\$ 316,365</u>	<u>\$...</u>	<u>\$ 3,368,984</u>
Total capital assets being depreciated, net	<u>\$ 8,482,604</u>	<u>\$ (238,855)</u>	<u>\$...</u>	<u>\$ 8,243,749</u>
Business-type activities capital assets, net	<u><u>\$ 8,692,085</u></u>	<u><u>\$ (238,855)</u></u>	<u><u>\$...</u></u>	<u><u>\$ 8,453,230</u></u>

6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 10,822
Public safety	1,250
Highways and public improvements	305,138
Parks and recreation	16,436
Community and economic development	<u>1,554</u>
Total depreciation expense - governmental activities	<u>\$ 335,200</u>
Business-type Activities:	
Water fund	\$ 123,660
Sewer fund	127,396
Landfill fund	61,252
Museum fund	<u>4,057</u>
Total depreciation expense - business-type activities	<u>\$ 316,365</u>
Total depreciation expense	<u><u>\$ 651,565</u></u>

7. PENSION PLANS

Cost Sharing Defined Benefit Pension Plans

Plan Description – The City contributes to the Local Governmental Noncontributory Retirement System, which is for employers with Social Security coverage, cost-sharing multiple-employer defined benefit pension plans, administered by the Utah Retirement Systems (the Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

7. **PENSION PLANS (Continued)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System, which is for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy - Plan members in the Local Governmental Noncontributory Retirement System are not required to contribute to the Retirement System. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.090% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Noncontributory Retirement System, the contributions for June 30, 2005, 2004 and 2003 were \$18,903, \$16,554, and \$11,893, respectively and for the employee paid contributions to the 401K System for June 30, 2005, 2004 and 2003 were \$5,000, \$3,800 and \$0 respectively. The contributions were equal to the required contributions for each year.

8. **CONTINGENT LIABILITIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

9. LONG-TERM DEBT

The changes in bonds payable for the year ended June 30, 2005, are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
June 30, 2005	\$ 216,000		\$ (8,000)	\$ 208,000	\$ 9,000
Compensated absences	4,416	\$ 204		4,620	
Governmental activity long-term liabilities	<u>\$ 220,416</u>	<u>\$ 204</u>	<u>\$ (8,000)</u>	<u>\$ 212,620</u>	<u>\$ 9,000</u>
Business-type activities:					
Bonds payable:					
June 30, 2005	\$ 3,874,520		\$ (196,459)	\$ 3,678,061	\$ 161,756
Business-type activity long-term liabilities	<u>\$ 3,874,520</u>	<u>\$...</u>	<u>\$ (196,459)</u>	<u>\$ 3,678,061</u>	<u>\$ 161,756</u>

Annual debt service requirements to maturity for bonds are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 9,000	\$ 4,160	\$ 13,160	\$ 199,756	\$ 71,755	\$ 271,511
2007	9,000	3,980	12,980	204,068	68,477	272,545
2008	9,000	3,800	12,800	208,383	65,108	273,491
2009	9,000	3,620	12,620	209,701	61,599	271,300
2010	9,000	3,440	12,440	249,694	67,525	317,219
2011-2015	49,000	14,380	63,380	1,137,052	239,598	1,376,650
2016-2020	54,000	9,280	63,280	997,615	147,353	1,144,968
2021-2025	60,000	3,600	63,600	244,047	82,938	326,985
2026-2030				111,790	58,690	170,480
2031-2035				112,405	39,855	152,260
2036-2040				3,550	948	4,498
	<u>\$ 208,000</u>	<u>\$ 46,260</u>	<u>\$ 254,260</u>	<u>\$3,678,061</u>	<u>\$ 903,846</u>	<u>\$ 4,581,907</u>

9. **LONG-TERM DEBT (Continued)**

Revenue Bonds – Revenue bonds payable at June 30, 2005, with their outstanding balances, are comprised of the following individual issues:

Governmental Activities:

\$247,500 Lease Revenue Bonds, Series 1998, due in annual principal installments of \$12,240 to \$13,200, beginning July 1, 2000 through July 1, 2024, interest of 2.00% per annum.	\$ 208,000
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Total Governmental Activities	<u>\$ 208,000</u>
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Business-type Activities:

\$300,000 Museum Revenue Bonds, Series 1991, due in annual principal installments of \$12,000, beginning July 1, 1991, through July 1, 2016, interest of 0.00% per annum.	\$ 132,000
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\$773,122 Sewer Revenue Bonds, Series 2000, due in annual principal installments of \$42,436 to \$49,740, beginning July 1, 2000, through July 1, 2018, interest of 2.00% per annum.	559,000
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\$350,000 Water Revenue Bonds, Series 1973, due in annual principal installments of \$17,650 to \$19,350, beginning January 1, 1973, through January 1, 2013, interest of 5.00% per annum.	123,000
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\$261,000 Water Revenue Bonds, Series 1996, due in annual principal installments of \$14,145 to \$15,460, beginning January 1, 1997, through January 1, 2021, interest of 3.00% per annum.	188,000
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\$870,000 Sewer Revenue Bonds, Series 2000A, due in annual principal installments of \$43,000 to \$44,000, beginning November 1, 2001, through November 1, 2020, interest of 0.00% per annum.	698,000
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\$484,000 Sewer Revenue loans, RDA loan, due in monthly payments of principal and interest of \$2,190, beginning June 1, 2001, through December 1, 2039, interest of 7.00% per annum.	<u>463,899</u>
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Sub-total Business-type Activities	<u>\$ 2,163,899</u>
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9. LONG-TERM DEBT (Continued)

Business-type Activities (continued):

\$100,000 Sewer Revenue loans, RDA loan, due in monthly payments of principal and interest of \$450, beginning July 1, 2001, through June 1, 2039, interest of 4.50% per annum.	\$ 95,162
\$1,562,000 Water Revenue Bonds, Series 2000A, due in annual principal installments of \$77,780 to \$94,515, beginning January 1, 2001, through January 1, 2021, interest of 1.838% per annum.	1,293,000
\$150,000 Water Revenue Bonds, Series 2000B, due in annual principal installments of \$7,000 to \$8,000, beginning August 1, 2002, through August 1, 2021, interest of 0.00% per annum.	<u>126,000</u>
Sub-total Business-type Activities	<u>\$ 1,514,162</u>
Total Business-type Activities	<u><u>\$ 3,678,061</u></u>
Total all bonds payable	<u><u>\$ 3,886,061</u></u>

Revenue bonds issued for governmental activities were used to construct a Medical Center Building within the city. All revenue bonds and Rural Development parity sewer bonds issued for business-type activities were used for the construction, repair, and maintenance of water and sewer lines, and for the construction of the Museum within the city.

10. PROPERTY TAX CALENDAR

The City adopts, by June 22, the proposed tax rates as part of its budget for the current year, which begins July 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The final tax rate is assessed by the county assessor on property in the county as of July 1. The taxes are payable to the city treasurer by the end of November and are remitted to the City by the county treasurer as collected. The City did not adopt a tax rate for the current fiscal year therefore no property taxes have recorded as revenue.

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City operates four enterprise funds. The Water Fund and the Sewer Fund are used for the purpose of constructing storage and distributions systems for culinary water and sewage. The Landfill Fund is used for the purpose of accounting for the cost of collecting refuse within the City. The Museum Fund is used to account for the cost of providing the services rendered with the operation of the Museum and the operations of the gift shop. During the year, the General Fund made a transfer to the Water, Landfill and Museum Funds. All of these Funds are kept separate for revenues and expenditures within their own private fund. All of the enterprise funds are considered major funds and all are presented in this segment information.

A summary of the financial statements for these enterprise funds is presented below:

CONDENSED STATEMENT OF NET ASSETS

	Water Fund	Sewer Fund	Landfill Fund	Museum Fund
Assets:				
Current assets	\$ 316,237	\$ 307,670	\$ (11,521)	\$ 152,235
Capital assets	3,353,007	3,576,891	32,397	1,490,935
Total assets	<u>\$ 3,669,244</u>	<u>\$ 3,884,561</u>	<u>\$ 20,876</u>	<u>\$ 1,643,170</u>
Liabilities:				
Current liabilities	\$ 164,274	\$ 8,609	\$ 10,500	\$ 18,598
Noncurrent liabilities	1,594,428	1,826,505		120,000
Total liabilities	<u>\$ 1,758,702</u>	<u>\$ 1,835,114</u>	<u>\$ 10,500</u>	<u>\$ 138,598</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 1,623,007	\$ 1,760,830	\$ 32,397	\$ 1,358,935
Unrestricted	287,535	288,617	(22,021)	145,637
Total net assets	<u>\$ 1,910,542</u>	<u>\$ 2,049,447</u>	<u>\$ 10,376</u>	<u>\$ 1,504,572</u>
Capital assets:				
Additions	\$ 16,680			\$ 60,830
Retirements				

11. **SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

	Water Fund	Sewer Fund	Landfill Fund	Museum Fund
Operating revenues	\$ 275,140	\$ 180,447	\$ 123,221	\$ 133,211
Depreciation expense	(123,660)	(127,396)	(4,057)	(61,252)
Other operating expenses	(175,417)	(56,696)	(127,388)	(159,426)
Operating income	<u>\$ (23,937)</u>	<u>\$ (3,645)</u>	<u>\$ (8,224)</u>	<u>\$ (87,467)</u>
Nonoperating revenue (expenses):				
Investment earnings	\$ 8,620	\$ 6,472		\$ 2,155
Interest expense and fiscal charges	(36,624)	(37,236)		
Grants	<u>13,647</u>			<u>12,683</u>
Total nonoperating revenue (expenses)	<u>\$ (14,357)</u>	<u>\$ (30,764)</u>	<u>\$...</u>	<u>\$ 14,838</u>
Transfers:				
Transfers in	<u>\$ 25,000</u>		<u>\$ 18,230</u>	<u>\$ 130,330</u>
Total transfers	<u>\$ 25,000</u>	<u>\$...</u>	<u>\$ 18,230</u>	<u>\$ 130,330</u>
Change in net assets	\$ (13,294)	\$ (34,409)	\$ 10,006	\$ 57,701
Beginning net assets	<u>1,923,836</u>	<u>2,083,856</u>	<u>370</u>	<u>1,446,871</u>
Ending net assets	<u><u>\$ 1,910,542</u></u>	<u><u>\$ 2,049,447</u></u>	<u><u>\$ 10,376</u></u>	<u><u>\$ 1,504,572</u></u>

11. **SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

	Water Fund	Sewer Fund	Landfill Fund	Museum Fund
Operating revenues:				
Charges for services	\$ 275,140	\$ 180,447	\$ 123,221	\$ 133,211
Depreciation expense	(123,660)	(127,396)	(4,057)	(61,252)
Operating income (loss)	(23,937)	(3,645)	(8,224)	(87,467)
Operating transfers in	25,000		18,230	130,330
Net income (loss)	(13,294)	(34,409)	10,006	57,701
Property, plant, and equipment:				
Additions	16,680			60,830
Deletions				
Net working capital	151,963	299,061	(22,021)	133,637
Total assets	316,237	307,670	(11,521)	152,235
Bonds payable	1,730,000	1,816,061		132,000
Total equity	1,910,542	2,049,447	10,376	1,504,572

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:				
Operating activities	\$ 109,872	\$ 127,191	\$ (3,010)	\$ (34,166)
Noncapital financing activities	25,000		18,230	130,330
Capital and related financing activities	(138,725)	(123,760)		(60,148)
Investing activities	8,620	6,472		2,155
Net increase (decrease)	\$ 4,767	\$ 9,903	\$ 15,220	\$ 38,171
Beginning cash and cash equivalents	289,104	277,193	(42,909)	55,871
Ending cash and cash equivalents	<u>\$ 293,871</u>	<u>\$ 287,096</u>	<u>\$ (27,689)</u>	<u>\$ 94,042</u>

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To more economically cover these liabilities, the City has purchased a policy with a major insurance company. The City pays an annual premium to the insurance company for the third party liability insurance coverage. The City continues to carry commercial insurance for all other risks of loss, including workers compensation, employee health and accident insurance. At June 30, 2005, the City had no claims or judgments filed against it related to the risks mentioned above.

13. RELATED PARTY TRANSACTIONS

There were no related party transactions during the fiscal year ended June 30, 2005.

14. RECEIVABLES

Receivables as of June 30, 2005 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>GENERAL FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>LANDFILL FUND</u>	<u>TOTAL</u>
Receivables:					
Accounts	\$ 9,550	\$ 22,366	\$ 20,574	\$ 16,168	\$ 68,658
Governmental	<u>52,083</u>				<u>52,083</u>
Gross receivables	\$ 61,633	\$ 22,366	\$ 20,574	\$ 16,168	\$ 120,741
Less: allowance for uncollectible accounts					
Net receivables	<u>\$ 61,633</u>	<u>\$ 22,366</u>	<u>\$ 20,574</u>	<u>\$ 16,168</u>	<u>\$ 120,741</u>

15. INTERFUND BALANCES AND TRANSFERS

Internal Balances – There are no internal balances on the financial statements of individual fund receivables and payable balances at June 30, 2005.

Transfers – Inter-fund transfers during the year ended June 30, 2005 were as follows:

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>WATER FUND</u>	<u>LANDFILL FUND</u>	<u>MUSEUM FUND</u>	<u>TOTAL</u>
Transfers out:	\$ (414,075)	\$ (60,830)				\$ (474,905)
Transfers in:	<u>26,345</u>	<u>275,000</u>	<u>\$ 25,000</u>	<u>\$ 18,230</u>	<u>\$ 130,330</u>	<u>474,905</u>
Totals	<u>\$ (387,730)</u>	<u>\$ 214,170</u>	<u>\$ 25,000</u>	<u>\$ 18,230</u>	<u>\$ 130,330</u>	<u>\$...</u>

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
City of Green River
Green River, Utah 84525

RE: Report on Compliance and other Matters
and on Internal Control Over Financial
Reporting Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards

We have audited the financial statements of the City of Green River as of and for the year ended June 30, 2005, and have issued our report thereon dated December 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing".

Price, Utah

December 31, 2005

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Honorable Mayor and Members of the City Council
City of Green River
Green River, Utah 84525

RE: Auditors' Report on State Compliance
for State Grants

We have audited the basic financial statements of the City of Green River for the year ended June 30, 2005 and have issued our report thereon dated December 31, 2005. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah.

Class "C" Road (Utah Department of Transportation)
Liquor Allotment (State Tax Commission)
CIB grant (Department of Community and Economic Development)

The City also received the following nonmajor grants, which were not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the City of Green River's financial statement.)

Airport Improvements (Department of Transportation)
Pregnancy prevention (Department of Health and Human Services)
CIB grant (Department of Community and Economic Development)
Curb/Gutter grant (Department of Transportation)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt	Truth in Taxation and
Cash Management	Property Tax Limitation
Purchasing Requirements	Uniform Building Code
Budgetary Compliance	Other Compliance
Liquor Law Enforcement	

The management of the City of Green River is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred.

An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion. The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of Green River, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

SMUIN, RICH & MARSING



Price, Utah

December 31, 2005

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Honorable Mayor and Members of the City Council
City of Green River
Green River, Utah 84525

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of The City of Green River for the year ended June 30, 2005.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

STATE OF UTAH GENERAL REQUIREMENTS

Impact Fees

According to Utah Code 11-36-301, the City shall made available for public inspection a document that shows the source and amount of all monies collected, earned, and received by the impact fee account and also show each expenditure from the impact fee account. The City is maintaining an account for the impact fees collected and is allocating this amount between the different impact fees, but the City has not produced a public document that shows in detail the criteria expressed above.

We recommend that the City comply with State law and prepare a report that meets the criteria of Utah Code 11-36-301 and have this document available for public inspection.

Clients Response

The City realizes the need to prepare this document and will comply with Utah Code 11-36-301 and have the document available for public inspection..

INTERNAL CONTROL ISSUES

Recording of revenues

While performing tests on cash and receivables, we found that a few of the funds received in the current fiscal year had not been entered into the system as of June 30, but were recorded in the next fiscal year. All funds received at the end of the fiscal year, should be recorded in the current year financial statements and recorded as deposits in transit in the bank reconciliation.

We recommend that the City evaluate those procedures that govern the depositing and receipting of funds at the end of each month. All funds should be accounted for in the period they are received and not entered in the next month or fiscal year.

Clients Response

The City understands the importance of reporting revenue in the proper period and will evaluate our policies and procedures to ensure that these funds are recorded and reported in the proper period.

Museum Inventory

While testing the Museum inventory and documentation, we found that the inventory had been taken a few months after the end of the fiscal year, and that the inventory figures were not accurate. Upon further review, City personnel discussed with us the problems and concerns that they had with the computer system and the eventual inventory figures that were produced. While the City is aware that an inventory needs to be taken at fiscal year end, the processes of relying on the computer system, taking the time necessary to count the inventory and then making the necessary adjustments did not occur at the end of the fiscal year.

We recommend that the City adopt and follow a policy and procedure for the Museum inventory to ensure that an inventory is performed at the fiscal year end. The computer system needs to be tested during the year to determine if accurate information is being maintained by the system. Also, periodic testing of the inventory should be performed to help maintain control.

Clients Response

The City realizes the problems with the Museum inventory and will take the necessary steps to comply with the Auditors recommendations.

Proper Recording of Capital Expenditures

While reviewing fixed asset additions and the recording of these expenditures, we found that the City is recording proprietary expenditures for fixed assets in a Capital Projects fund. While Capital Project funds are used to account for major capital expenditures, if a capital expenditure deals with an Enterprise fund project, that expense should be recorded in the Enterprise fund.

We recommend that the City review the capital expenditures and determine if they are recorded properly based on the above criteria. Proper recording of expenses and expenditures in the proper funds is imperative to provide the City with more accurate financial statements.

Clients Response

The City will review the capital expenditures that have been made and make the necessary corrections (if needed). We will also review our future capital expenditures to determine if they are being budgeted properly to account for the anticipated expense.

SUMMARY

We feel the State Compliance and Internal Control issues mentioned above are some areas where the City can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

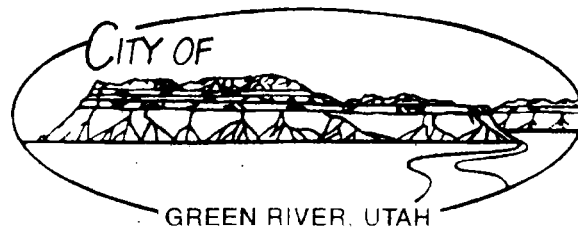
Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Steven Rich", followed by a small mark that looks like a stylized "M" or "J".

Price, Utah

January 13, 2006



February 22, 2006

Office of the State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
P.O. Box 142310
Salt Lake City, Utah 84114-2310

Dear Mr. Curtis,

Green River City respects the accounting principles set by GAAP and want to strive to abide by those standards set forth by State Law. We appreciate the State Auditors who see to it that we follow those regulations set forth.

Green River City Council has created a Capital Projects Fund. In the future when there is any extra money left in the General Fund that excess money will be transferred over to the Capital Projects Fund to be used for the many improvements that are needed for our community. Through our General Plan we have created a list of needed improvements and prioritized each one. At the end of each fiscal year our Budgeting Officer will take a closer look at the General Fund and make the necessary transfer in order to keep in compliance with the Government Auditing Standards. We appreciate the ability to be able to set aside money for the Capital Projects Fund in order to better serve our community and make the necessary improvements.

As Mayor of Green River I will be responsible for seeing to it that this plan is carried out while I am still in office. I will also serve as the contact person.

Sincerely,

Mayor Ed Bentley